

EXHIBIT 2
DATE 1/26/09
HAB

Schedule for Current and Future Actions on Orphan Share sites 2009 Update

Purpose: Fund the cleanup responsibility for (1) defunct entities, (2) insolvent parties, (3) liable state agencies

Site	PLP/ lead remediating party or party to whom allocation is made	Status of Allocation	RI/FS	ROD/VCP Approval	Preliminary Orphan Share Cost Estimate	Estimated Claim Submittal date
S& W Sawmill	International Paper Wood treating site	Complete; 39% to 56%	Risk Assessment underway	2013	\$5 to \$20 million of \$10 to \$40 million dollar total estimate	2020
CMC Bozeman Asbestos site	City of Bozeman Asbestos contamination	Complete 79%	VCP out for public comment in December 2008	Early 2009	\$ 1.8 to 2.5 million	2008-2010 Hardship Designation
KRY	DNRC Refinery contamination	State Liability	Done March 2008	Done June 2008	\$1 million	2008-2009
KRY	DNRC Refinery Contamination	State Liability	Done March 2008	Done June 2008	\$9 million Biennial One Time Only Restricted	Monthly increments starting in 2010 per SB71 and HB2
Joslyn St Tails	BNSF Railway Mining waste	To be completed 2010	Investigation underway	2011	Unknown at this time	2013

Orphan Share Cash Balance:

December 31, 2008 - \$ 9,525, 723.00;

June 30, 2011: Table on Page C-70 shows \$ 9,558,564.

These numbers do not include obligations under the Act to be paid after June 30, 2009.

**State Expenditures on the KRY Facility Complex
Thru December 31, 2008**

Past State Obligations at KRY:

76,889.80 – Past RDG Grants – partial investigation by DNRC
1,250,000.00 – Partial Preparation of the RI/FS – SB489
50,000.00 - DNRC repayment of past costs
680,069.13 – DNRC Costs through Dec 31, 2008
2,056,958.93 - Total

These expenditures funded the state share of utilizing consultant and laboratory services and staff time and expenditures to complete the following:

- Fill data gaps
- Complete Remedial Investigation Report
- Conduct Periodic Sampling of Nearby Residential Wells
- Complete Risk Analysis
- Complete Feasibility Study
- Complete Proposed Plan (Preferred Alternative)
- Complete Record of Decision
- Complete Public Involvement processes through the Record of Decision
- Report Quarterly to EQC
- Conduct Cost Recovery
- Initiate Preparation of Bid Packages
- Coordinate with Local Government regarding Redevelopment

These expenditures do not include:

- Estimated Cleanup Costs and Associated Redevelopment Discussions

Proposed Amendments to HB2, DP 4015, and SB71
January 25, 2009

HB2

Proposed Statutory Language to be added:

Monies transferred under SB71 from the Orphan Share Fund to the Environmental Quality Protection Fund (EQPF), and authorized for expenditure under DP4015, must be used exclusively for reimbursing EQPF expenditures owed by Department of Natural Resources and Conservation (DNRC) as a liable party at the Kalispell, Pole and Timber, Reliance Refinery, and Yale Oil (KRY) state superfund site. Transfers of these funds will occur monthly, in an amount equal to each monthly invoice. Such transfers may occur only after DEQ has transmitted invoices to DNRC documenting incurred costs.

SB71

1. Page 5, line 21

Following "conservation," and before "for remediation"
Insert "exclusively for"

Page 5, line 25

Following the end of the section,

Insert: "Transfer of funds shall occur, incrementally, only after monthly invoices documenting costs incurred have been transmitted by the department of environmental quality to the department of natural resources and conservation."

Cleanup Update

Milltown Reservoir Sediments Superfund Site

Issue #72

January 21, 2009

Status: The Milltown Project continues to go very well and is on schedule. Project personnel have worked 245,374 hours without time lost to injury.

- To date, workers have removed 1,923,709 tons (approximately 1,479,776 cubic yards) of contaminated sediment from the Site and hauled by rail to the Anaconda Smelter Superfund Site for Site reclamation. Excavation is over 64% complete. Excavation is currently only occurring under the main haul road. Site access is limited. Removal, loading and hauling of contaminated sediments should continue through the fall.



Removing the final remnants of the Milltown Dam spillway.

- On Tuesday, January 20, 2009, workers removed the final pieces of the Milltown Dam spillway. During the final steps of spillway removal, excavators uncovered outcrops of bedrock near the base of the bluff. As the dam has been removed this past year, it has become more and more obvious why this location must have looked like an ideal place to build a dam over a century ago. Now the only part of the dam left to remove are the remnants of the divider block; some of which will be removed before high flow. The remainder of the divider block should come out this summer and then the dam will be completely out.
- Workers have increased the height of the flood berm along the downstream side of the Project Area to protect against a 10-year winter high flow event. Currently, adding rip rap to the flood berm to bring it up to the 10 year high flow event level. Trucks will be hauling riprap onto the Site from now through February.
- De-watering of the spillway removal area. Currently pumping about 1600 gallons/minute. Water quality is being monitored before discharge into the Clark Fork River.
- EPA and the Natural Resource Damages Program (NRDP) are finalizing designs for the Best Management Practices (BMPs) required for erosion control upstream of the Project Area (in areas 4 and 5). Expect work on these BMPs to begin by mid-February and for the BMPs to be in place before high flow this spring.
- I-90 Bridge bank erosion protection work is underway. The temporary work bridge is in place and work has begun on the erosion protection for the east bank. USACE should be finished in February. This is designed to protect the I-90 bridge abutments from a 500 year flood.
- NorthWestern Energy is now using the new gas pipeline across the Blackfoot. Workers are preparing the old gas pipeline for removal before spring high flows.

Milltown Reservoir Community Office

(315 Anaconda St., Milltown, MT)

EPA/DEQ are available
to meet with you.
Just give us a call to talk and/or
to set up a meeting!

These weekly updates are intended
to provide you with the latest
information about remediation,
restoration and
redevelopment activities at the
Milltown Reservoir.



US EPA Montana Office
10 W. 15th St., Ste. 3200
Helena, Montana 59626

Upcoming Events

Upcoming work:

- Continue sediment excavation and hauling.
- Continue monitoring surface and ground-water.
- Continue I-90 bridge work—install east side and install east side bank erosion protection.
- Installation of river restoration grade control structures. Restoration structures will be placed in the spillway area prior to the coffer dam breach planned for March.
- Implementation of BMPs in areas 4 and 5, and the spillway coffer dam area to limit downstream transport of sediments.

To view on-going activities,
please visit:
<http://www.clarkfork.org/>
and click on the webcam.

Section of the main haul road
that has been removed

PROJECT SCHEDULE

2008 Sediment removal
Full hauling sediments
Breach coffer dam
Flow channel removal
Stage 2 drawdown
WRE bridge installation
Replace Hwy 200 bridge
Replace spillway bridge
Spillway removal
2009 I-90 bridge mitigation
Stage 3 drawdown
Breach dam removal



Excavation cell walls that have
been removed



Spillway coffer dam that will be breached in March 2009. At that point, the joint Clark and Blackfoot River channel will flow along the base of the Milltown bluff (not visible from this view). Much of the material on the far side of the spillway area (including portions of the divider block) will be removed before high flow this spring. Photo taken 1/20/09.

Silver Bow Creek Streamside Tailings Operable Unit Overview Remedial Action Conducted by Montana Department of Environmental Quality



Subarea 4

2003 Reach R Parcel 152 constructed, 103,064 cubic yards, 53 acres revegetated
2004-2005 Reach R Phase 1 constructed, 252,270 cubic yards, 173 acres revegetated
2005 Reach R Phase 2 constructed, 359,782 cubic yards, 102 acres revegetated
2006 Reach Q Phases 3 and 4 constructed, 333,088 cubic yards, 138 acres revegetated
2007 Phase 5, installation of instream sediment pond
2008 Phase 6 & 7, construction began on removal of 482,000 cubic yards, placement of vegetative backfill, and 4.3 miles of creek channel

Estimates to Date
78% of Tailings/Impacted Soils Removed
45% of Stream Channel Reconstructed
Cost: \$17.50 per yard

Includes all remediation and restoration expenses
i.e. design, construction, weed control, revegetation, monitoring, overhead, etc.

Subarea 3

Reaches K&L are in design, construction is expected to begin in 2009

Subarea 2

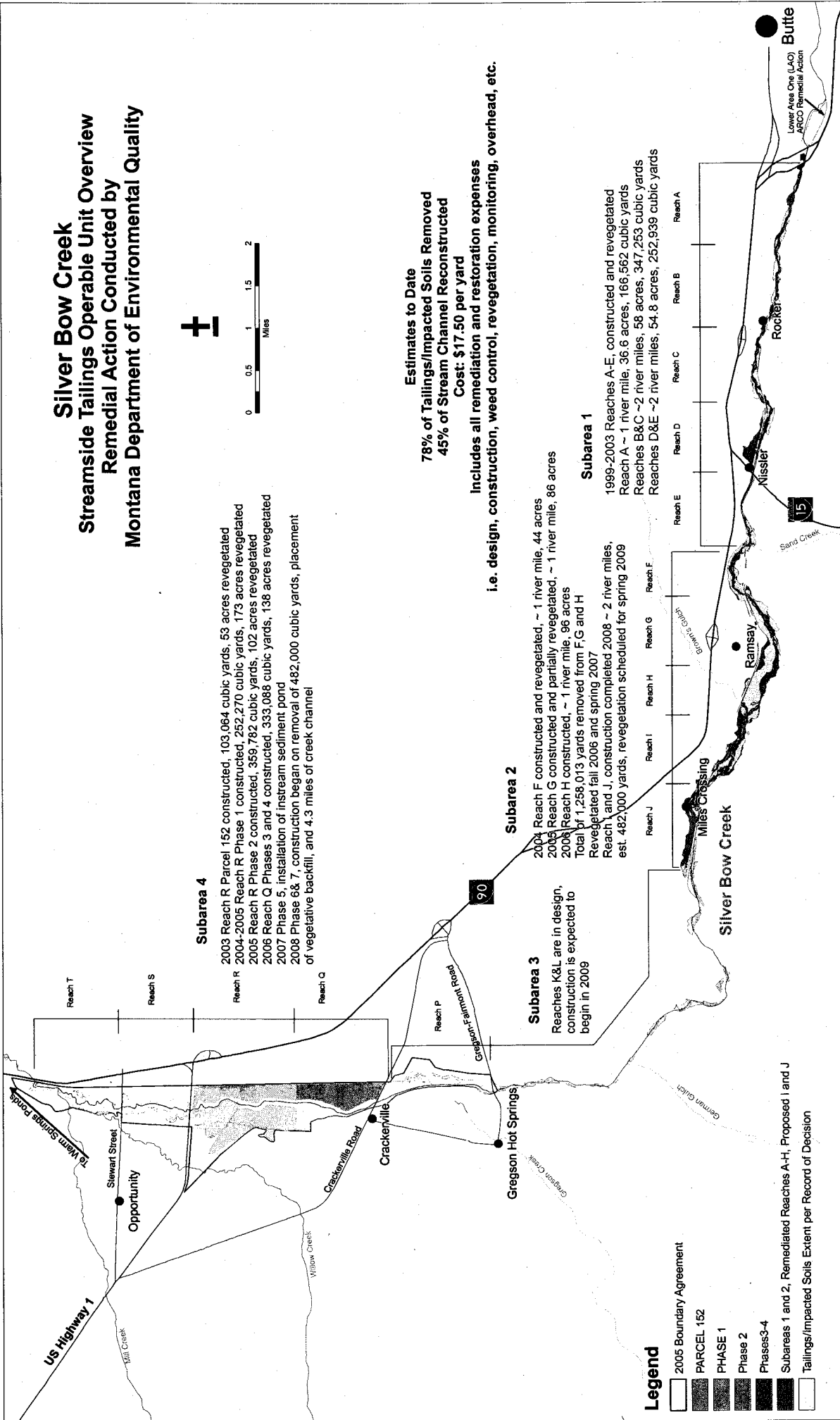
2004 Reach F constructed and revegetated, ~ 1 river mile, 44 acres
2005 Reach G constructed and partially revegetated, ~ 1 river mile, 86 acres
2006 Reach H constructed, ~ 1 river mile, 96 acres
Total of 1,258,013 yards removed from F, G and H
Revegetated fall 2006 and spring 2007
Reach I and J, construction completed 2008 - 2 river miles, est. 482,000 yards, revegetation scheduled for spring 2009

Subarea 1

1999-2003 Reaches A-E, constructed and revegetated
Reach A ~ 1 river mile, 36.6 acres, 166,562 cubic yards
Reaches B&C ~ 2 river miles, 58 acres, 347,253 cubic yards
Reaches D&E ~ 2 river miles, 54.8 acres, 252,939 cubic yards

Legend

- 2005 Boundary Agreement
- PARCEL 152
- PHASE 1
- Phase 2
- Phases 3-4
- Subareas 1 and 2, Remediated Reaches A-H, Proposed I and J
- Tailings/Impacted Soils Extent per Record of Decision



Lower Area One (LAO)
ARCO Remedial Action

Butte